

Our Ref: REG/LC/RQ/JO/NOC2023080001

29 August 2023

The Board of Directors
Rex International Holding Limited
1 George St
Singapore 049145

Dear Sirs,

REX INTERNATIONAL HOLDING LIMITED (THE “COMPANY”)
NOTICE OF COMPLIANCE (THE “NOTICE”)

1. Singapore Exchange Regulation (“**SGX RegCo**”) refers to the following SGXNet announcements:
 - (a) Dated 30 December 2022 (Announcement Reference No. SG221230OTHRX4D9) titled “Interested Person Transaction – Moroxite T AB” (the “**30 December 2022 Announcement**”);
 - (b) Dated 28 July 2023 (Announcement Reference No. SG230728OTHRDB5V) titled “Interested Person Transaction – Moroxite T AB - Addendum” (the “**28 July 2023 Announcement**”); and
 - (c) Dated 4 August 2023 (Announcement Reference No. SG230804OTHRBHK5) titled “Response to SGX queries”
2. On 30 December 2022, the Company announced that its wholly-owned subsidiary Moroxite Holding Pte. Ltd. (“**MHPL**”) has entered into a conditional share purchase agreement on 30 December 2022 (the “**Original Agreement**”) with Moroxite AB (“**MA**”) to purchase the entire issued share capital of Moroxite T AB (“**Moroxite T**”), comprising 1,000 shares, at a nominal consideration of SEK 1 (approximately US\$0.10), with a commitment to invest up to an additional SEK 43.2 million (approximately US\$4.12 million) (collectively, the “**Consideration**”), subject to the fulfilment of certain conditions (the “**Acquisition**”). The Consideration includes a non-refundable capital contribution of SEK 9.4 million (approximately US\$0.90 million) (the “**Capital Contribution**”).
3. For the 16 months ended 31 December 2022, Moroxite T, a start-up company in its early development phase, recorded a net loss of SEK 49,476 (approximately US\$4,723). The net tangible asset and book value/net asset value of Moroxite T are approximately US\$(1,888.72) and US\$55,225.23 respectively as at 31 December 2022. The valuation range as determined by the valuer, Value Solutions Group, is US\$10.8 million to US\$15.8 million.

Singapore Exchange Regulation Pte. Ltd.

Company Reg No. 201709600D

(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589
main: +65 6236 8888

[sgx.com](https://www.sgx.com)

4. The total consideration of up to approximately US\$4.12 million represents approximately 2.10% of the Group's latest audited net tangible assets ("**NTA**") of US\$196.74 million as at 31 December 2021.
5. Under the Original Agreement, MA shall receive from Moroxite T a 5% royalty on sales of products achieved by Moroxite T until a license sale or a sale of Moroxite T shares takes place. MA shall also receive 40% of the profit on any license sales by Moroxite T and in the event of any sale of Moroxite T shares by MHPL prior to an Initial Public Offering ("**IPO**") and/or Reverse Takeover ("**RTO**") of Moroxite T, MA shall receive 50% of the proceeds.

Interested Person Transactions

6. MA is 39.6% held by a company owned by Dr Lars Lidgren, brother to Dr Karl Lidgren (Executive Director) and Mr Hans Lidgren, a substantial shareholder of the Company. As such, MA is an associate of an "interested person" defined under Chapter 9 of the Listing Rules and the Acquisition is an "interested person transaction".
7. Based on the Company's 30 December 2022 Announcement, the total of all transactions with Mr Hans Lidgren, Dr Karl Lidgren and their respective associates (the "**IPs**") for the financial year ended 31 December 2022 is US\$8.12 million, representing approximately 4.14% of the Group's latest audited NTA as at 31 December 2021.
8. In the same announcement, the Company also disclosed that as the aggregate amounts relating to the Acquisition (including any royalties and profits on license sales) cannot currently be estimated by the Company, the Company will be convening an extraordinary general meeting to seek shareholders' specific approval for the Acquisition in respect of Chapter 9 of the Listing Rules.

Supplemental Agreement

9. On 28 July 2023, the Company announced that it had entered into an Addendum to the Original Agreement (the "**Addendum**") with the following material amendments to the Original Agreement ("**Revised Acquisition**"):
 1. MHPL, being the purchaser, has agreed to the transfer of a 30% shareholding interest in Moroxite T back to MA, the vendor. Such transfer constitutes a partial reversal of the initial transfer of 100% shareholding interest to MHPL;
 2. Removal of MA's right to royalty payments on any sale of products by Moroxite T;
 3. Removal of MA's right to share of profits on any sale of licences by Moroxite T;
 4. Removal of MA's right to share of profits on any sale of Moroxite T's shares by MHPL;
 5. Removal of MHPL's undertaking to transfer Moroxite T's shares to MA in the event of an IPO of Moroxite T's shares on an internationally recognized securities exchange or a RTO of Moroxite T; and

Singapore Exchange Regulation Pte. Ltd.

Company Reg No. 201709600D

(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589

main: +65 6236 8888

[sgx.com](https://www.sgx.com)

6. The Original Agreement, as amended by the Addendum, is further subject to the condition that in the event that, inter alia, additional regulatory / statutory requirements be imposed on the Company, the transaction contemplated by the Addendum shall be automatically terminated.

As such, no shareholders' approval will be required based on the terms of the Revised Acquisition.

10. In the Company's response to SGX RegCo's queries dated 4 August 2023, the transfer of the shares in Moroxite T from MA to MHPL and the injection of the Capital Contribution was made on 31 January 2023. As the Acquisition was conditional upon shareholders' approval based on the initial terms of the Acquisition, the Acquisition would not be considered completed until all conditions had been fulfilled by the relevant parties. In the same announcement, the Company also stated that the shares in Moroxite T were transferred from MA to MHPL as a form of security since the Capital Contribution was to be first paid.
11. It was further disclosed in the Company's response to our queries that, the Directors (including the Independent Directors at the given time) decided to proceed with the transaction after due enquiry and discussion with, and taking into account the business case provided by the management team of Moroxite T.

Exchange directives

12. Listing Rule 1405(1) provides that SGX RegCo may exercise administrative powers for the purposes of ensuring that the market is fair, orderly and transparent. Listing Rule 1405(1)(f) further provides that SGX RegCo may require an issuer to appoint special auditors, additional auditors, compliance advisers, legal advisers or other independent professionals for specified purposes.
13. While the Revised Acquisition no longer requires shareholders' approval, the Company purportedly completed the transfer of shares in Moroxite T from MA to MHPL and injected the Capital Contribution at the point in time when the terms of the Original Agreement prevailed. We further note that the due diligence conducted by the Company only relates to due enquiry and discussion with, and taking into account the business case provided by the management team of Moroxite T.
14. In light of the above, SGX RegCo hereby requires the Company to appoint an independent professional ("**Independent Reviewer**"), acceptable to SGX RegCo, by 29 September 2023. The scope of Independent Review shall cover the following:-
- (i) To review circumstances surrounding the Acquisition, and the completion of Acquisition before the Company's entry into the Addendum, and whether the Company has conducted proper due diligence in relation to the Acquisition;
 - (ii) To ascertain whether the Acquisition was completed, at the point in time when the terms of the Original Agreement required the Acquisition to be subject to shareholders'

Singapore Exchange Regulation Pte. Ltd.

Company Reg No. 201709600D

(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589
main: +65 6236 8888

approval, taking into consideration the transfer of the shares in Moroxite T from MA to MHPL and the injection of the Capital Contribution made on 31 January 2023;

- (iii) To review circumstances surrounding any transactions, arrangements and/or agreements entered into between the IPs and the Group; and
 - (iv) To review the adequacy and effectiveness of the Group's internal controls processes and procedures relating to acquisitions/disposals and interested person transactions, as well as ascertain whether the Company has complied with Listing Rule 719(1).
15. Please note that the Independent Reviewer to be appointed, the terms of reference of engagement and the scope of the Independent Review are subject to SGX RegCo's prior approval. The Independent Reviewer shall report its findings directly to SGX RegCo. The appointment of the Independent Reviewer cannot be terminated without SGX RegCo's consent.
16. Pursuant to Listing Rule 1405(4), failure to comply with the requirements imposed by SGX RegCo shall be deemed to be a contravention of the Listing Rules.
17. Please note that compliance with this Notice does not constitute a waiver of any kind, and SGX RegCo reserves the right to take disciplinary action against the Company and/or any Relevant Person(s) for breaches of the Listing Rules, including any failure to comply with the requirements imposed by SGX RegCo.

Yours faithfully,

June Sim
Managing Director
Head, Listing Compliance
Regulation

Singapore Exchange Regulation Pte. Ltd.

Company Reg No. 201709600D

(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589
main: +65 6236 8888

sgx.com